

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
March 11, 2004  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on March 11, 2004 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom, Members Violet Clark, Gary Peterlin and William Fanning. Member William Dugan was present telephonically.

Chairman Higginbottom convened the March 11, 2004 Regular Meeting at 10:06 A.M. in the 3<sup>rd</sup> floor Board Conference Room. Member Clark moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (March 11, 2004) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Fanning seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:45 P.M. Member Dugan was not present for the Open session portion of the meeting.

Minutes

Member Peterlin moved that **the Board approve the open session minutes of its Regular Meeting of February 5, 2004, Special Meetings of February 3, 2004, February 19, 2004, February 23, 2004, and February 25, 2004.** Member Fanning seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom announced that on March 10, 2004, several Board members and Staff were present to monitor the auction of the Emerald Casino license. Chairman

Higginbottom stated that at the conclusion of the bidding process, the following bid offeres were submitted:

Harrah's – Waukegan - offered \$520 million dollars and promised to open the casino within 12 months after receiving the Board's approval.

Isle of Capri – Rosemont - offered \$518 million dollars and promised to open the casino within eight months after receiving the Board's approval.

Chairman Higginbottom stated that both Harrah's and Isle of Capri indicated that they would pay a late fee of \$500,000 per day up to \$105 million dollars for every day that they were delayed in opening a casino from the proposed date.

Midwest Gaming – Des Plaines – offered \$476 million dollars.

Chairman Higginbottom stated that the bids were very well thought out and the process was completely open and very competitive. Chairman Higginbottom stated that he feels that the process would ultimately yield the maximum benefit to the citizens of the State of Illinois.

Chairman Higginbottom announced that on Monday, March 15, 2004, the Board would meet to review the offers and attempt to identify a winning bid. Chairman Higginbottom stated that there are a number of factors that must be considered in addition to price, and with the closeness of the bids, the responsible thing for the Board to do is take into consideration all of those factors.

Chairman Higginbottom stated that this is not a simple process. Chairman Higginbottom stated that the bidders were very sophisticated and the Board owes it to the taxpayers of the State of Illinois to make sure that it thoroughly analyzes each bid to ensure that the citizens are getting the best deal possible.

Chairman Higginbottom commended Staff for all of their hard work on the sales process.

Member Peterlin thanked Staff for all of their hard work.

Member Peterlin stated that Staff will have a lot more work and challenges ahead of them once the license is up and running. Member Peterlin stated that Staff is very competent, dedicated and qualified and it is very important that the integrity of the Staff is maintained as they go forward in the process. Member Peterlin urged those who are in a position to provide Staff with the resources it needs to complete its job to commit themselves to doing so.

#### Administrator's Report

Interim Administrator Tamayo announced that the Closed Session minutes have been tabled until the next Regular Board meeting.

Interim Administrator Tamayo announced that there is a new General Manager at Harrah's Casino, Joliet. Interim Administrator Tamayo stated that Joe Domenico requested to be present to introduce himself to the Board members. Interim Administrator stated that Staff would be making an appointment to meet with Mr. Domenico individually.

Interim Administrator Tamayo stated that on Tuesday (March 9, 2004), Staff received final approvals to assign the gaming laboratories that would be responsible for TITO throughout the State. Interim Administrator Tamayo stated that GLI has been assigned TITO systems to Hollywood Casino, Harrah's Joliet, Harrah's Metropolis, and Par-A-Dice Casino. Interim Administrator Tamayo stated that BMN North America d/b/a BMN Test Labs has been assigned TITO systems to Casino Queen, Alton Belle Casino and Empress Casino. Interim Administrator Tamayo stated that GGS U.S. Ltd. has been assigned to Grand Victoria Casino and Casino Rock Island. Interim Administrator stated that Staff is still working towards an April 1<sup>st</sup> implementation date.

Interim Administrator Tamayo stated that while it is no longer a requirement, Staff has received a number of operational updates from some of the casinos. Interim Administrator Tamayo stated that Staff appreciates the operational updates and are including the information in the Board packets.

#### Public Commentary

William P. Schwarzkopf, National Council on Problem Gambling, was present to announce that March 8 – 14 has been designated as National Problem Gambling Awareness Week.

Mr. Schwarzkopf stated that there is not enough research to determine the cause or cures for problem gambling, nor is there sufficient treatment available for those that need it. Mr. Schwarzkopf stated that there is not enough public awareness about help for compulsive gamblers and their families. Mr. Schwarzkopf stated that when everyone speaks of the revenues that will be generated from the 10<sup>th</sup> license, what often is not heard is that much of these revenues come from the losses of people that cannot afford the money and cannot afford the entertainment.

Mr. Schwarzkopf stated that during the week of March 8 – 14, communities nationwide will work to raise awareness of the consequences of problem gambling and the resources available for individuals whose gambling is causing disruption in their lives.

Mr. Schwarzkopf provided the Board and the public with a toll-free number for compulsive gamblers who are seeking help.

Tom Swoik, Executive Director, Illinois Casino Gaming Association, was present to discuss how the casino industry is good for the State of Illinois. Mr. Swoik stated that a study conducted by the University of Illinois in 2003 discloses that in 2001 the casino industry spent over \$184 million dollars on goods and services provided by vendors located in the

State of Illinois. Mr. Swoik stated that based on the studies, the purchases had a total impact on the State's economy of over \$706 million dollars. Mr. Swoik stated that additionally over 11,000 non-casino jobs were created as a result of these impacts.

Mr. Swoik introduced John Majchrowicz, Linz Meats and Mike Hutson, Express Dry Cleaning, who are two vendors that provide goods and services to the casinos.

Mr. Majchrowicz and Mr. Hutson were present to discuss the impacts that the industry has had on their business, the impact that last year's tax increase has had on their businesses, and how they are hopeful that relief is on the way.

Mr. Swoik stated that by the end of the month, the Illinois Casino Gaming Association anticipates having its Illinois Coordinated Vendor List, which would be made available to all of the members of ICGA.

#### Owner Licensee Items

HARRAH'S CASINO METROPOLIS – BRENT E. WILLITS – DIRECTOR OF SLOT OPERATIONS – LEVEL ONE – Thomas Thanas, Attorney, was present on behalf of Brent E. Willits to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Brent E. Willits, as an Occupational Licensee, Level 1 in his capacity as Director of Slot Operations at Harrah's Casino in Metropolis, Illinois.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE GAMING CORPORATION – LICENSE RENEWAL - Donna More, Attorney, and Keith Smith, Chief Operating Officer for Boyd Gaming Corporation, were present on behalf of Par-A-Dice to request approval for license renewal.

Mr. Smith provided the Board with a brief statement expressing how Par-A-Dice has become a very important part of Boyd Gaming Corporation.

Member Peterlin asked what Mr. Smith what predictions he has in regards to the average salary for Par-A-Dice's employees in the future.

Mr. Smith stated that Boyd Gaming Corporation conducts salary surveys amongst the industry, the competitors, and the local community every year. Mr. Smith stated that Boyd Gaming Corporation gives its employees raises every year to remain competitive and because they work hard and do a good job.

Member Fanning stated that as he looked at Boyd's balance sheet from 2002-2003, he noticed the changes in the working capital. Member Fanning asked how the change came about and if it is a trend.

Mr. Ellis Landau, Chief Financial Officer of Boyd Gaming, stated that on the last two days of 2002, Boyd issued a public note offering and took in a lot of cash. Mr. Landau stated that Boyd was not able to repay bonds until the first month of 2003. Mr. Landau stated that there was a lot of cash in the balance sheet, but it was there until the other bonds could be brought in, which was done in 2003. Mr. Landau stated that the numbers for calendar year 2003 are more typical numbers of Boyd's working capital.

Chairman Higginbottom asked if Boyd's expansion plans have been shared with Staff.

Mr. Smith stated that the expansion plans are not complete. Mr. Smith stated that there has been discussions regarding the expansion internally and a few drawings, but nothing to the point where it could be made public.

Mr. Smith stated that with a different tax structure, Par-A-Dice would absolutely be interested in expansion.

Member Fanning moved that **the Board waive the two meeting requirement of Board Rule 3000.105(e) and permit Par-A-Dice Gaming Corporation to present for Board approval its request for license renewal.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Based on the staff's investigation and recommendation, Member Fanning moved that **the Board approve the renewal of the Owner's License of Par-A-Dice Gaming Corporation for a term of 4 years expiring March, 2008. Staff recommends that the Board formally designate Par-A-Dice Gaming Corporation to provide the following entities, persons, and positions as Key Persons of the licensee:**

1. **Boyd Gaming Corporation;**
2. **President;**
3. **Director;**
4. **Vice President of Operations;**
5. **Vice President of Internal Audit;**
6. **William S. Boyd;**
7. **Donald D. Snyder;**
8. **Keith E. Smith;**
9. **Paula E. Eylar; and**
10. **David B. Daley**

Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

### Supplier Licensees

#### MIKOHN GAMING CORPORATION – RUSSEL MCMEEKIN, CHIEF EXECUTIVE OFFICER AND PRESIDENT – KEY PERSON

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Russel McMeekin as a Key Person of Mikohn Gaming Corporation.** Member Fanning seconded the motion. The Board approved the motion unanimously by voice vote.

### Occupational Licensees

Based on staff's investigation and recommendation, Member Peterlin moved that **the Board approve 28 applications for an Occupational License, at Level 2, and 136 applications for an Occupational License at Level 3.**

Further, Member Peterlin moved that **the Board direct the Interim Administrator to issue notices of denial to the following three applicants for level 3 licenses, each of who previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation:**

1. **Delarren Mason;**
2. **Ronald Maple; and**
3. **Pamela Burick.**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

### Proposed Complaints and Disciplinary Actions

- In re the Disciplinary Action of Samuel Arias-Tellos a/k/a Carlos Merino

Based on the review of staff's investigation and recommendation, Member Fanning moved that **the Board issue a disciplinary complaint against Samuel Arias-Tellos, a Level 3 Occupational Licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules in relation to Samuel Arias-Tellos fraudulently obtaining a gaming badge on July 24, 2001 through the use of false identification.**

Further, Member Fanning moved that **the Board revoke Samuel Arias-Tellos' Occupational License issued under the name Carlos Merino. Said action will take affect 21 days from the date of service of the complaint unless the licensee files an answer within that time period.**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

- In re the Disciplinary Action of Bradley Kupris

Based on the staff's investigation and recommendation, Member Clark moved that **the Board issue a disciplinary complaint against Bradley Kupris, a Level 2 Occupational Licensee, for failing to comply with the Riverboat Gambling Act and Board's Adopted Rules in relation to his conviction for the theft related offense of deceptive practices.**

Further, Member Clark moved that **the Board revoke Bradley Kupris' Occupational License. Said action will take effect 21 days from the date of service of the complaint unless the licensee files an answer within that time period.**

Member Fanning seconded the motion. The Board approved the motion unanimously by voice vote.

- In re the Disciplinary Action of Pam Underwood

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against Pamela Underwood, a Level 2 Occupational Licensee for failing to comply with the Riverboat Gambling Act and The Board's Adopted Rules in relation to theft from her employer, the Alton Belle Casino.**

Further, Member Peterlin moved that **the Board revoke Pamela Underwood's Occupational License. Said action will take effect 21 days from the date of service of this complaint unless the licensee files an answer within that time period.**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re The Disciplinary Action of Elgin Riverboat Resort d/b/a Grand Victoria Casino

Based on a review of the staff's investigation and recommendation, Member Fanning moved that **the Board issue a disciplinary complaint against Elgin Riverboat Resort d/b/a Grand Victoria Casino, an Owner Licensee, for violating the Riverboat Gambling Act, the Board's Adopted Rules and its ICS.**

Further, Member Fanning moved that **the Board fine Grand Victoria Casino \$60,000.00. The aforementioned action will take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an answer within that time period.**

Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearing/ALJ Reports

- In re the Disciplinary Action of Kimberly R. Johnson, No. DC-02-14

Based on a thorough review of the record and report of proceedings and evidence before Administrative Law Judge Vickie Gillio in the Matter of Kimberly R. Johnson, DC-02-14, Member Peterlin move that **the Board adopt and issue a Final Order revoking Kimberly Johnson's Level 2 Occupational License as the Board's Final Administrative Decision in this matter.**

Further, Member Peterlin moved that **the Board direct the Administrator to provide a copy of the Board's Final Order to the parties and the ALJ, and include therein a notice to Ms. Johnson of her right to appeal the Board's Final Order to the circuit court within 35 days from the date said Final Order is served.**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

At 2:35 P.M., Member Clark moved that **pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 3:30 P.M.

Respectfully submitted,  
Monica Thomas

Secretary to the Board